

P-421/CP-92-140 ORDER REQUIRING COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Tom Burton  
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Dee Knaak  
Norma McKanna

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for  
Extended Area Service From the  
Moose Lake Exchange to the  
Duluth, Cloquet, and Carlton  
Exchanges

ISSUE DATE: May 21, 1992

DOCKET NO. P-421/CP-92-140

ORDER REQUIRING COST STUDIES AND  
PROPOSED RATES

**PROCEDURAL HISTORY**

On February 18, 1992, subscribers in the Moose Lake exchange filed a petition for extended area service (EAS) from Moose Lake to the Duluth, Cloquet, and Carlton exchanges.

On March 2, 1992, the Minnesota Department of Public Service (the Department) sent a letter to U S West Communications, Inc. (USWC), the telephone company serving the four exchanges, requesting it to file traffic studies.

On April 16, 1992, USWC filed the requested traffic studies.

On April 21, 1992, the Department filed comments stating that Moose Lake was adjacent to the Duluth-Cloquet-Carlton local calling area. The Department also stated that the statutory traffic criterion was satisfied.

On May 12, 1992, the Commission met to consider this matter.

**FINDINGS AND CONCLUSIONS**

The EAS statute provides that the Commission shall grant a request to install EAS when the following three criteria have been met:

1. the petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition;

2. at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which extended area service is requested, as determined by a traffic study; and
3. polling by the Commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the Commission agree that no polling is necessary. Minn. Stat. § 237.161, subd. 1(a)(1-3) (1990).

The petitioning Moose Lake exchange is not contiguous to any of the petitioned exchanges. However, it has EAS too and shares a border with the Barnum exchange, an exchange which is part of a local calling area containing the petitioned exchanges.<sup>1</sup> In these circumstances, Moose Lake meets the adjacency requirement. If Moose Lake had formally petitioned for EAS to the Barnum-Cloquet-Carlton-Duluth local calling area, there is no question that it would have met the statute's adjacency criterion because of its shared border with Barnum, one of the Barnum-Cloquet-Carlton-Duluth local calling area's component exchanges. Because Moose Lake already has EAS to the Barnum exchange, its failure to petition Barnum in this docket is not fatal to its ability to meet the adjacency requirement by reason of its shared border with the Barnum-Cloquet-Carlton-Duluth local calling area. Consistent with its approach in Sherburn<sup>2</sup> and subsequent dockets presenting similar situations, the Commission will not require a redundant petition to Barnum in this docket in order to find that Moose Lake meets the adjacency requirement by reason of its shared border with the Barnum-Cloquet-Carlton-Duluth local calling area.

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<sup>1</sup> The Barnum, Cloquet, Carlton, and Duluth exchanges have EAS to each other and, therefore, constitute a "local calling area." See In the Matter of a Petition for Extended Area Service From the Sherburn Exchange to the Fairmont Exchange, Docket No. P-405/CP-89-1080, ORDER REQUIRING COST STUDIES AND PROPOSED RATES AND ESTABLISHING COMMENT PERIOD (October 30, 1990) in which the Commission found at page 3 that the EAS statute's term "local calling area" is appropriately defined as "two or more exchanges which all have EAS to each other." The Commission affirmed that definition on reconsideration (May 10, 1991) and in all subsequent dockets involving that issue: see, e.g. Orders in Docket No. P-421, 537/CP-90-002 (November 19, 1990); Docket No. P-501, 421/CP-90-357 (December 17, 1990); and Docket No. P-407/CP-90-547 (April 26, 1991).

<sup>2</sup> Sherburn, supra, at 3-4.

Moose Lake also meets the second statutory criterion: adequate traffic. USWC's traffic studies show that more than 50 percent of Moose Lake subscribers made one or more calls per month to the petitioned area.

Before proceeding to poll Moose Lake subscribers to determine whether the third criterion (ratepayer support) will be met, the Commission will adopt EAS rates for the proposed route to give Moose Lake subscribers a clearer picture regarding the rate impact of implementing EAS before the poll is taken. To assist it in establishing fair EAS rates for polling purposes, the Commission will require USWC, the telephone company serving the petitioning and petitioned exchanges to file sound cost studies and proposed rates as specified in the Ordering Paragraphs of this Order.

The Department will report and the other interested parties will have an opportunity to comment as provided in the Ordering Paragraphs.

#### ORDER

1. U S West Communications, Inc. (USWC) shall file cost studies and proposed rates within 60 days of this Order.
2. The rates proposed pursuant to Ordering Paragraph 1 shall contain two schedules: under one set of rates, the petitioning exchange shall bear 75 percent of the EAS revenue requirement; under the second, the petitioning exchange shall bear 50 percent of the revenue requirement.
3. Within 45 days following the filing of the cost studies and proposed rates, the Department of Public Service ( the Department) shall file a report and recommendation concerning the proposed rates. If the Department proposes changes, it shall file two new sets of rates: one assuming a 75 percent allocation of revenue requirement to the petitioning exchange and another assuming a 50 percent allocation.
4. Parties desiring to respond to the Department's report shall do so within 20 days after the report is filed.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)